

**REMARKS**

Claims 1-15 and 22 are currently pending in the application. Applicants have canceled claims 16-21, amended claims 1-2, and added claims 22 and 23. Applicants request reconsideration of the application in light of the following remarks.

**Rejections under 35 U.S.C. §112**

Claim 2 stands rejected by the Examiner under 35 U.S.C. §112. In accordance with this rejection, Applicant has amended claims 1 and 2 for clarification. Further, by way of explanation, both the building contractor and the building supply wholesaler initially have rights to record and execute liens when an owner of the land or building project defaults on payment(s) to the building contractor and the building supply wholesaler for supplies used to improve the land or that are used in the building project. Initially having the rights, each of the building contractor and the building supply wholesaler can assign his or her own respective rights to record a lien. In the instant case, claim 1 now recites the limitation of the building supply wholesaler assigning rights to record a lien. Claim 2 recites that the building contractor assigns additional rights to record a lien. The claims have been amended for clarification. Thus, the claims are considered to conform with the requirements of Section 112. Applicant respectfully requests that the rejection of claim 2 under 35 U.S.C. § 112 be withdrawn.

**Rejections under 35 U.S.C. § 101**

Claim 1-4, 13, and 14 were rejected under 35 U.S.C. § 101 as not producing a physical transformation nor producing a useful, concrete, or tangible result such as price sharing, and as such, is drawn to non-statutory subject matter. Applicant disagrees with this grounds of rejection because claims 1-15 are directed to subject matter that clearly falls within the realm of statutory subject matter since they are directed to a method or process, and 35 USC § 101

states that “Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefore”. Additionally, claims 1-4, 13, and 14 are not directed to any of the judicially established exceptions, which include printed matter, naturally occurring articles, or scientific principles. Therefore, it appears that the rejection of claims 1-4, 13, and 14 is improper and should be withdrawn.

In an effort to understand why the rejection under 35 USC §101 was made, Applicant’s representative looked in the MPEP § 706.03(a) paragraph 7.04 (b), which states that the Examiner may set forth reasons for a 101 rejection by stating “why the claimed invention is directed to a judicial exception to 35 U.S.C. §101 (i.e., an abstract idea, natural phenomenon, or law of nature) and is not directed to a practical application of such judicial exception (e.g., because the claim does not require any physical transformation and the invention as claimed does not produce a useful, concrete, and tangible result)” (emphasis added). It appears that the Examiner has focused on the second part of the needed explanation without setting forth how claims 1-4, 13, and 14 fit into one of the judicially established exceptions. Since the present invention does not fit into one the statutory exceptions, Applicant believes that the rejection under 35 USC § 101 should be withdrawn.

Applicant also disagrees with this basis of rejection because the method of claims 1-4, 13, and 14 is extremely useful for the purposes set forth in the original disclosure. One of these purposes is to overcome a dilemma faced by building supply wholesalers when building contractors default on their loans. This dilemma causes building supply wholesalers be more wary and to grant fewer loans, which results in fewer sales and purchases of building supplies or a more prolonged and difficult process in obtaining funds for purchasing the supplies. The method described in the claims helps solve this dilemma and facilitates more sales and purchases. Hence, Applicant has amended claim 1 to include this clarifying function of the method. That is, Applicant has amended claim 1 by adding “facilitating sale and purchase of building supplies”. This operation of “facilitating sale and

purchase of building supplies” and the other limitations by which this is accomplished are extremely useful in the building industry, and in practice the claimed method delivers concrete and tangible results. Forming a network of customers as recited in claims 13 and 14 is also useful, and in practice results in concrete and tangible results, as would be attested by most business owners. Therefore, Applicant further submits that the rejection under 35 USC §101 has been overcome, and should be withdrawn.

As further evidence, Applicant includes reference to examples of issued claims that include method steps of establishing a contractual relationship and forming a network of customers. For example, U.S. Patent 6,449,001, issued claims 13 and 22 recite entering into a contract and establishing a contractual relationship; U.S. Patent 6,850,900, issued claims 22, 26, and 32 recite entering into a contract as one of the method steps; U.S. Patent 7,165,052, issued claim 8 refers to a network of customers that has been formed and claim 10 recites establishing a network of customers. Since these claims, directed to these details, were issued by the US Patent Office and not rejected under 35 USC 101, it appears that claims 1-4, 13, and 14 of the present application should not be rejected based on 35 USC §101, and this rejection should be withdrawn.

### **Rejections under 35 U.S.C. §103**

To establish a *prima facie* case of obviousness under 35 U.S.C. §103, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. Third, the cited prior art reference must teach or suggest all of the claim limitations. Furthermore, the suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and not based

upon the Applicants' disclosure. A failure to meet any one of these criteria is a failure to establish a *prima facie* case of obviousness. MPEP §2143.

**Claims 1-4 and 6-12**

Claims 1-4 and 6-12 were rejected under 35 U.S.C. § 103(a) as being unpatentable over “admitted prior art” in view of Management Accounting (November 1997, Vol. 75, Iss. 10; Page 4, (hereinafter “Management”). Applicant respectfully traverses this rejection and request reconsideration of the claims.

The Office action cites Applicant's own specification as a basis for the rejection of claim 1 under 103. In particular, as a basis for the obviousness rejection, page 3 of the Office action lists three elements that the background section discloses and that are known in the prior art: (1.) The Office action correctly points out that the background section of the specification discloses extension of credit by a supplier to a building contractor; (2.) The Office action also states that Applicant's specification discloses that “state law provides means by which such credit extensions may be secured by the recording of mechanics' liens”, which is true; and (3) The Office action further states that “[i]t is old and well known in the art of contract law to use contracts to assign rights and responsibilities”, which is also true. Since Applicant's own disclosure and what is well known in the art of contract law form the basis of the rejection it should be pointed out that Applicant does not claim elements (1.) and (2.). Furthermore, with regard to element (3.), claim 1 includes far more specificity than “to use contracts to assign rights and responsibilities”, and the secondary reference does not supply the lackings of what is disclosed in Applicant's background section or the lackings of what is known in the art of contract law. Therefore, it does not appear to be proper to rely on Applicant's own disclosure and what is known in the art of contract law as base references since they do not supply any of the elements needed to meet the claim or to make a combination.

Furthermore, even though the reference to what is known in the art of contract law

provides a basis for the general idea of using “contracts to assign rights and responsibilities” there is no teaching or suggestion of a method that includes “entering into a contractual relationship between the lender and the building supply wholesaler”, as required by claim 1.

Moreover, there is no teaching or suggestion of “the building supply wholesaler assigning to the lender rights to record a lien”, as now required by claim 1. These steps in the method are not obvious since building supply wholesalers would want retain a legal mechanism by which to secure the credit they extend to building contractors, even if the legal mechanism is not convenient. The known mechanism for securing credit extended by suppliers to building contractors is that of a “mechanics lien”, and it would not be obvious or likely that suppliers would give up their rights to utilize this mechanism by assigning it because there are few if any other legal recourse, which recourses would be less convenient and more costly.

Therefore, absent some specific teaching or suggestion in the prior art to that which Applicant is now claiming, Applicant must assert that the rejection has been based on impermissible hindsight in which Applicant’s own invention has caused the Examiner to believe that claimed invention is obvious when it is not.

The Office action attempts to provide the lackings of the base references by the secondary reference, Management, in order to reject claim 1. On page 3, the Office action states that while the base references do not “teach outsourcing the financing functions to a third party it is taught by Management.” However, there is no reference to “outsourcing” in claim 1, and even if involving a lender could be considered outsourcing, Management does not provide the specifics of extending credit in exchange for “assigning ... rights to record a lien” as required by claim 1. Without some published reference teaching the specifics of doing so, this contractual exchange would not be obvious for the reason discussed in the previous paragraph. Therefore, the rejection of claim 1 under 35 USC 103 is considered to be improper, and Applicant requests that the rejection of claim 1 be withdrawn.

Still further, claim 1 recites additional details that are not taught or suggested by the known prior art or Management. For example, recitation of assigning the rights to record a lien “against any building project for which the lender sells building supplies to the

contractor on credit extended by the lender” includes the lender selling building supplies, which is not taught or suggested in the prior art disclosed in Applicant’s original specification, and does not appear to be known in the building industry art. The secondary reference, Management, does not address this claimed detail. Therefore, the rejection of claim 1 is further overcome, and claim 1 is considered to be allowable. Once again, for this additional reason, withdrawal of the rejection of claim 1 is respectfully requested.

Applicant takes exception to the assertion that Management’s teaching of outsourcing can be combined with the base reference teachings of: (1.) extension of credit by a supplier to a building contractor; (2.) “state law provides means by which such credit extensions may be secured by the recording of mechanics’ liens”; and (3) “[i]t is old and well known in the art of contract law to use contracts to assign rights and responsibilities”. Of the above three listed elements supplied by the base references, it appears that outsourcing could only be applied to (1.) the “extension of credit”. However, outsourcing has a well-known meaning and purpose that typically includes payment to a third party for performance of some function. In the present invention, the compensation to the lender is the assignment of rights. Thus, in order for the teaching of outsourcing by Management to be applied at all, the exchange of rights for extension of credit by the lender needs to be considered as the payment. Furthermore, even if the involvement of the lender is considered outsourcing, neither Management nor other known prior art teaches or suggests the leap from a supplier extending credit to a lender extending credit and the lender selling building supplies in exchange for assignment of rights to record a lien. Applicant holds that involvement of the lender is not simply “outsourcing”, and claim 1 has many details that are not taught or suggested by Management or the other prior art. Therefore, claim 1 is considered to be allowable over the prior art.

Claim 2 is considered to be patentable as depending from allowable claim 1 and for further patentable details, as may be appreciated by the Examiner. For example, claim 2 further recites “entering into a contractual relationship between the building contractor and

the lender under which the contractor assigns to the lender additional rights to record a lien”.

As with the several details of claim 1, this detail is not taught or suggested by the known prior art or Management.

Similarly, claims 3-4 and 6-12 are considered to patentable as depending from allowable base claim 1 and for the additional details therein. At least the combination of details in these claims with the details in the base claims defines further patentable features or aspects of the invention.

Applicant respectfully requests that the obviousness rejections of claims 1-4 and 6-12 be withdrawn.

#### **Claim 5**

Claim 5 was rejected under 35 U.S.C. § 103(a) as being unpatentable over “admitted prior art” in view of Management and an article by Sonya Colberg on page 1 of the Tulsa World, dated January 19, 2000. Applicant respectfully traverses this rejection and request reconsideration of the claims.

Claim 5 is considered to be patentable as depending from allowable claim 1 and for further patentable details, as may be appreciated by the Examiner. Withdrawal of the rejection of claim 5 is respectfully requested.

#### **Claims 13 and 14**

Claims 13 and 14 were rejected under 35 U.S.C. § 103(a) as being unpatentable over “admitted prior art” in view of Management and “Official Notice”. Applicant respectfully traverses this rejection and request reconsideration of the claims.

Claims 13 and 14 are considered to be patentable as depending from allowable claim 1 and for further patentable details therein, as may be appreciated by the Examiner. Withdrawal of the rejections of claims 13 and 14 are respectfully requested.

**Claim 15**

Claim 15 was rejected under 35 U.S.C. § 103(a) as being unpatentable over Silverman et al., U.S. Patent 5,924,082, (hereinafter Silverman) in view of “admitted prior art” and Management. Applicant respectfully traverses this rejection and request reconsideration of the claims.

The rejection of claim 15 appears to rely on Silverman for the teaching of using a computer to automate steps in forming a contract such as sending an offer, recording an acceptance of an offer, and accepting an offer. As may be appreciated, this does not supply the lackings described with regard to the rejections of claims 1 and 2 above. Claim 15 has details similar to those of claims 1 and 2, as well as additional patentable features. The secondary references to known prior art and Management do not supply these details, as set forth in the response to the rejections of claims 1-14 above.

Therefore, claim 15 is considered to be patentable. Withdrawal of the rejection of claim 15 is thus respectfully requested.

**New Claims 22 and 23**

New claims 22 and 23 have been added and are also considered to be allowable.

**Regarding Doctrine of Equivalents**

Applicants hereby declare that any amendments herein that are not specifically made for the purpose of patentability are made for other purposes, such as clarification, and that no such changes shall be construed as limiting the scope of the claims or the application of the Doctrine of Equivalents.



**CONCLUSION**

Applicant respectfully requests that a timely Notice of Allowance be issued in this case.

It is requested that a two-month extension of time be granted for the filing of this response. The appropriate extension filing fee of \$230.00 is included herewith.

The examiner is invited to telephone the undersigned if this would in any way advance the prosecution of this case.

Respectfully submitted,

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